

Dr. P.B. Jayasundera
Secretary to the Treasury

NOTE

Foreign Assets declared under the "Tax Amnesty Act"

As you are aware, 51,805 Declarations had been made to the Commissioner General of Inland Revenue under the repealed "Inland Revenue (Special Provisions) Act No. 10 of 2003, as amended.

All these Declarations are now deemed to be Declarations made under the new Act, "Inland Revenue (Regulation of Amnesty) Act, affording only an Income Tax Amnesty to the Declarants, that too, after verification of the correctness of Declarations.

The new Act enables the Commissioner General of Inland Revenue or any Deputy Commissioner authorised by him, to call for any additional particulars that may be deemed necessary from the Declarants.

The secrecy provisions of the repealed "Inland Revenue (Special Provisions) Act No. 10 of 2003, as amended, do not apply to these Declarations now in terms of the new Act, and therefore, informations could be called for by or provided to, the other Authorities, particularly the Controller of Exchange.

A considerable number of persons are believed to have declared cognisable Foreign Assets / Foreign Sources of Income. In terms of the Exchange Control Act this is an offence attracting a 300% Fine, with the Foreign Assets / Foreign Sources of Income having to be brought back to Sri Lanka, or kept abroad with the approval of the Controller of Exchange, who would monitor their disposals.

An incentive could be afforded to those Declarants, who had declared Foreign Assets / Foreign Sources of Income, that should they bring in such Foreign Assets / Foreign Sources of Income to Sri Lanka by 31.12.2004, even to be held in RFC Accounts, that then the fine of 300% would not be imposed, but only a nominal fine imposed, and a progressively increasing fine imposed, if brought back to Sri Lanka by 31.3.2005, 30.6.2005, 30.9.2005 and 31.12.2005.

The Controller of Exchange could be required to work out the details of an appropriate scheme.

Kind regards,


Nihal Sri Ameresekere

30.9.2004

cc: Hon. Minister of Finance
H.E. the President